

SUBMITTED TO:

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Market Analysis and Economic Impact

205 Osborn Avenue LLC,
Town of Riverhead, NY

G2D Group

SEPTEMBER 2021

PREPARED BY:



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EXECUTIVE SUMMARY

G2D Development Corp. (G2D) is proposing to build a residential development (the Project) at 205 Osborn Avenue, Town of Riverhead, Suffolk County, New York. The Project entails construction of a highly-amenitized residential community with 39 rental units available at market rate rents.

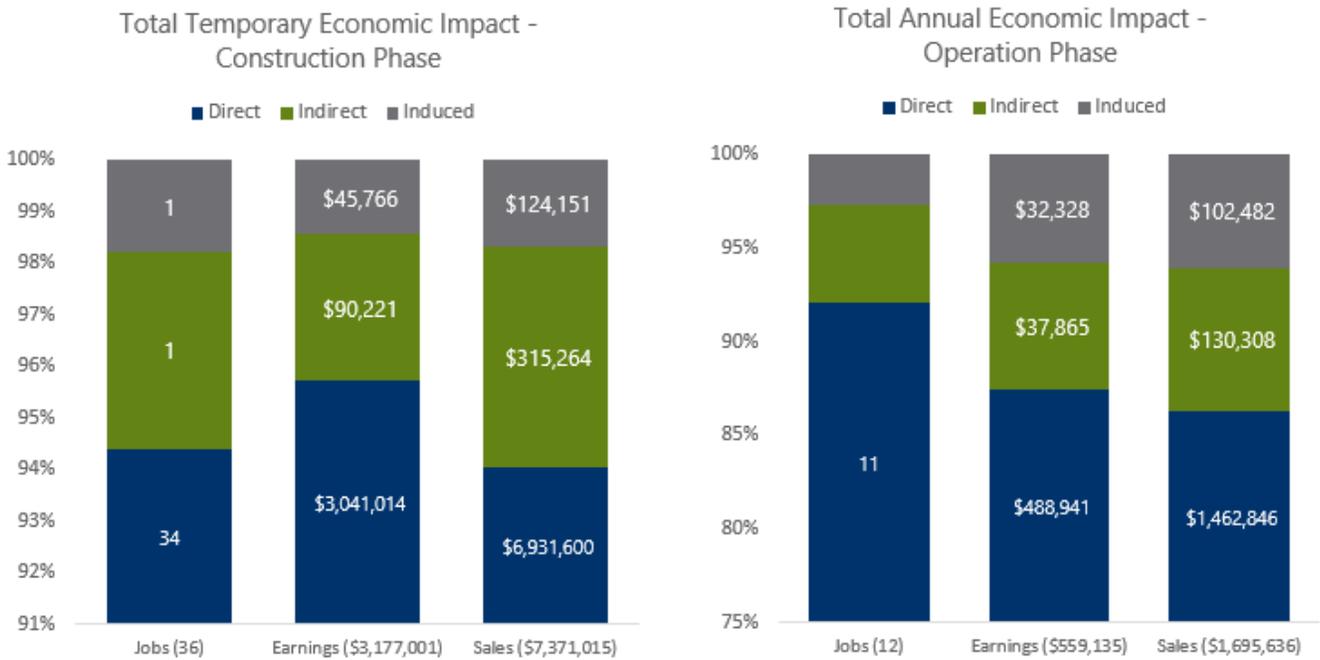
G2D is seeking financial assistance from the Town of Riverhead Industrial Development Agency (the IDA). To facilitate their review, Camoin Associates was commissioned by G2D to conduct two analyses:

A **housing demand analysis** to determine the demand for market rate units within the region and the Town of Riverhead. Based on supply and demand trends in the Town of Riverhead and Suffolk County, the analysis has found that the Town of Riverhead can support additional rental units. In particular, there is high demand for rental units designed to appeal to the growing number of households in higher income groups, as well as Riverhead’s workforce that commutes from the New York City area.

An **economic impact analysis** to estimate the economic activity expected to be generated by the construction and operation of the Project, and by the new households moving into the Town of Riverhead because the new apartments are available.

It is estimated that construction of 205 Osborn Avenue will result in 34 full time equivalent construction jobs and an additional two jobs in supporting businesses. Direct construction earnings are estimated to be nearly \$3.2 million. Annual operations plus the spending of new households is estimated to support twelve new jobs in the Town of Riverhead, and nearly \$560,000 of earnings annually. Economic impact in town totals \$1.7 million.

The first section of this report presents the housing demand analysis. The economic impact analysis follows.



HOUSING DEMAND ANALYSIS

Findings

The 205 Osborn Avenue project will bring needed housing diversity and affordability to the Town of Riverhead, and make living in town more affordable as well as more appealing to a broader demographic. The town has shed multifamily units since 2010, reducing options and increasing demand for this type of housing. The project will be a step toward reversing that trend.

Housing in the Town of Riverhead, and Suffolk County, continues to be primarily owner-occupied, single- and two-family homes. This is expected to continue, even though the important contributions of multi-family housing are increasingly recognized. The costs of owning a home are high, and in Riverhead a household earning the median household income (MHI) of \$73,161¹ cannot afford to purchase a median-valued home, which costs \$369,900. Rental units are more affordable, with a median-priced unit accessible to households earning \$56,840.

Additional multifamily housing such as 205 Osborn Avenue will therefore make the town more accessible to a broader variety of households. This includes commuters, who hold 80% of in-town jobs and are largely in their prime years for forming households and families as well as working, yet their earnings per job of less than \$40,000 per year limit their ability to purchase a home in town, even for a two-earner household with similar job wages.

Housing Diversity – Mix of Units Types and Changes Since 2010 is largely unchanged, with approximately 80% of housing in single- or two-family units.

Housing Choices – Number and Size, Age, and Ownership are also relatively stable. Riverhead added 458 households between 2010 and estimated 2021, an increase of 3.5%, but is expected to lose some of those (49) over the next five years. Households in Riverhead tend to be smaller than in Suffolk County overall, with more 1- and 2-person households. This results in more units needed per resident, increasing demand for housing. This is potentially a factor in the data showing that housing units have been added at a faster pace than population growth.

In Riverhead, where building continued through 2009 before dropping sharply, more than 40% of units were built in the past 20 years. This makes the housing stock substantially newer than the county's. Suffolk County began to experience a slowdown in building after 1980, and more than half of its housing is at least 50 years old.

Housing Affordability is a challenge for owners in the Town of Riverhead, but much less so for renters. The relatively small supply of rental units presents a different challenge from monthly costs. A household earning MHI, as noted above, cannot afford a median-valued home, but can afford most rental units. With a median home value of \$369,900, this study estimates the household would need at least \$95,564 per year to cover a mortgage and taxes.

Income is projected to increase in both the town and the county over the next five years, which could make housing more affordable only if costs rise more slowly. Income in Riverhead is currently estimated to increase substantially to \$86,589, or 18.4%. More income, and more residents, will increase pressure on costs for both owners and renters.

Demand from Commuters is likely to be for housing affordable to households at or below the median income, as most jobs in Riverhead that are currently held by commuters pay less than \$40,000 per year; two-earners household would be just over the median.

¹ Source: 2014 – 2018 American Community Survey. This MHI is used to remain consistent with housing unit and occupancy data. Estimated MHI for 2021 (\$76,432) is used in the impact analysis to estimate the effects of current household spending.



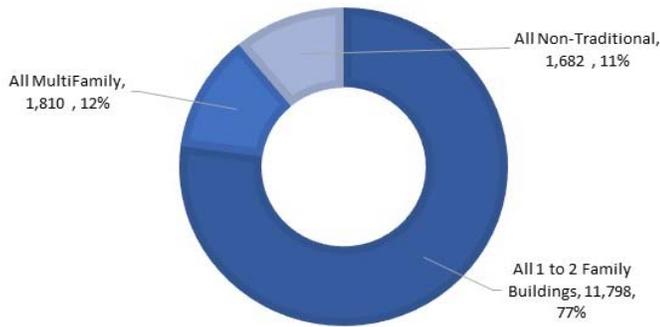
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Housing Diversity - Mix of Unit Types and Changes Since 2010

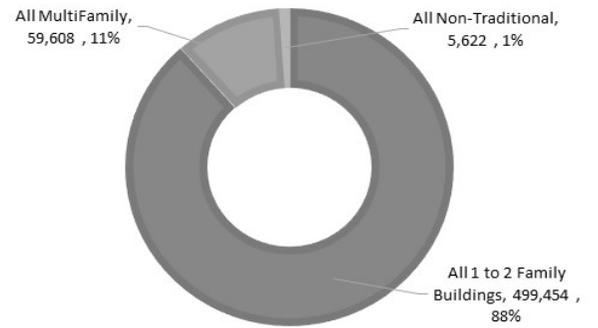
The Town of Riverhead and Suffolk County continue to be characterized by single- and two-family units, at 79% and 88%, respectively. Riverhead’s supply of multifamily has declined since 2010. Figure 1, Table 1, and Table 2 – Supporting Data for Figure 1 Charts, Suffolk County present these data.²

Figure 1 – Charts and Graphs of Housing Unit Mix 2010 and 2018

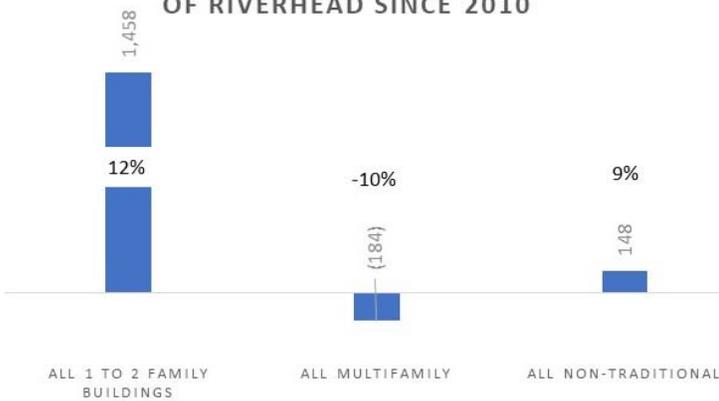
TOWN OF RIVERHEAD HOUSING UNIT MIX IN 2010



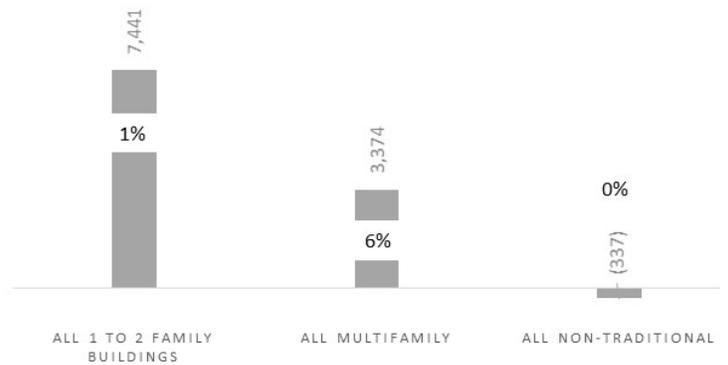
SUFFOLK COUNTY HOUSING UNIT MIX IN 2010



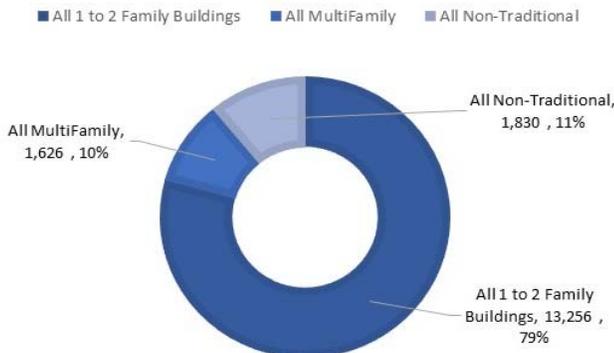
HOUSING UNITS ADDED OR LOST IN THE TOWN OF RIVERHEAD SINCE 2010



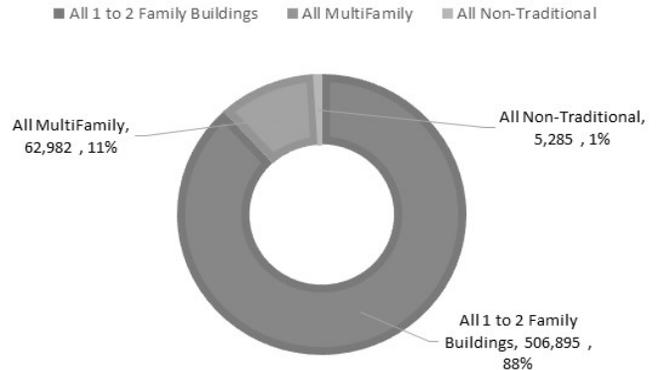
HOUSING UNITS ADDED OR LOST IN SUFFOLK COUNTY SINCE 2010



TOWN OF RIVERHEAD HOUSING UNIT MIX IN 2018



SUFFOLK COUNTY HOUSING UNIT MIX IN 2018



² Source for all charts: 2014 – 2018 American Community Survey. The 2015 – 2019 survey has been partially released with no statistically significant changes in the data, leaving the 2014-2018 dataset the most thorough and still current information.



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Table 1 – Supporting Data for Figure 1 Charts, Town of Riverhead

Town of Riverhead Housing Unit Mix and Changes Since 2010							
<u>Town of Riverhead</u>							
	2010 Units	Percent of Mix	Unit Change	Percent Change	2018 Units	Percent of Mix	
<u>1 to 2 Family Buildings</u>							
1-unit, detached	10,711	70%	1,182	↑	11%	11,893	71%
1-unit, attached	790	5%	77	↑	10%	867	5%
<u>2 units</u>	<u>297</u>	<u>2%</u>	<u>199</u>	<u>↑</u>	<u>67%</u>	<u>496</u>	<u>3%</u>
All 1 to 2 Family	11,798	77%	1,458	↑	12%	13,256	79%
<u>MultiFamily Buildings or Communities</u>							
3 or 4 units	665	4%	(265)	↓	-40%	400	2%
5 to 9 units	635	4%	(196)	↓	-31%	439	3%
10 to 19 units	371	2%	193	↑	52%	564	3%
<u>20 or more units</u>	<u>139</u>	<u>1%</u>	<u>84</u>	<u>↑</u>	<u>60%</u>	<u>223</u>	<u>1%</u>
All MultiFamily	1,810	12%	(184)	↓	-10%	1,626	10%
<u>Non-Traditional Housing Units</u>							
Mobil home	1,682	11%	148	↑	9%	1,830	11%
<u>Boat, RV, van, etc.</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>0%</u>
All Non-Traditional	1,682	11%	148	↑	9%	1,830	11%
All Housing Units	15,290		1,422		9%	16,712	

Source: 2014-2018 American Community Survey

Table 2 – Supporting Data for Figure 1 Charts, Suffolk County

Suffolk County Housing Unit Mix and Changes Since 2010							
<u>Suffolk County</u>							
	2010 Units	Percent of Mix	Unit Change	Percent Change	2018 Units	Percent of Mix	
<u>1 to 2 Family Buildings</u>							
1-unit, detached	453,195	80%	5,662	↑	1%	458,857	80%
1-unit, attached	25,622	5%	127	↑	0%	25,749	5%
<u>2 units</u>	<u>20,637</u>	<u>4%</u>	<u>1,652</u>	<u>↑</u>	<u>8%</u>	<u>22,289</u>	<u>4%</u>
All 1 to 2 Family	499,454	89%	7,441	↓	1%	506,895	88%
<u>MultiFamily Buildings or Communities</u>							
3 or 4 units	12,777	2%	191	↑	1%	12,968	2%
5 to 9 units	13,573	2%	2,736	↑	20%	16,309	3%
10 to 19 units	16,427	3%	(1,921)	↓	-12%	14,506	3%
<u>20 or more units</u>	<u>16,831</u>	<u>3%</u>	<u>2,368</u>	<u>↑</u>	<u>14%</u>	<u>19,199</u>	<u>3%</u>
All MultiFamily	59,608	11%	3,374	↑	6%	62,982	11%
<u>Non-Traditional Housing Units</u>							
Mobil home	5,619	1%	(471)	↓	-8%	5,148	1%
<u>Boat, RV, van, etc.</u>	<u>3</u>	<u>-</u>	<u>134</u>	<u>-</u>	<u>-</u>	<u>137</u>	<u>0%</u>
All Non-Traditional	5,622	1%	(337)	↓	-6%	5,285	1%
All Housing Units	564,684		10,478		2%	575,162	

Source: 2014-2018 American Community Survey



Housing Choices – Number and Size, Age, and Ownership

NUMBER AND SIZE OF HOUSEHOLDS

The Town of Riverhead has added relatively more households since 2010 than the county. Both are estimated to lose households by 2026, as shown in Table 3. This should be read as one possible outcome, since household migration data showing the effects of the COVID-19 pandemic are still being gathered.

Urban employers with a large proportion of “desk jobs,” many of which have been conducted remotely for 18 months, are still formulating their plans for future work locations. Many of these employers are likely to offer at least a hybrid workplace, with significant activity conducted off-site. This practice has the potential to increase the migration of households from urban to suburban locations, where more space is available for home offices. It also may add to housing price increases, since the desk workers are likely to have higher incomes than workers whose jobs continue to demand on-location work. Again, it is important to note that these new trends are observational and reliable statistical data is still forthcoming.

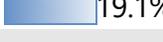
As shown in Table 4, Riverhead has a higher proportion of smaller households of one or two persons compared to the county. Housing units with fewer bedrooms are generally sought by this demographic, and they are also more likely to choose renting over owning, or owning condominiums over family-style homes with land.

Table 3

	Number of Households, 2010 - Estimated 2026				
	<u>2010</u>	<u>Change by 2021</u>		<u>Change by 2026</u>	
	Households	Added	Total	Added	Total
Town of Riverhead	12,990	458	13,448	-49	13,399
			3.5%		-0.4%
Suffolk County	499,922	1,547	501,469	-4,174	497,295
			0.3%		-0.8%

Source: ESRI

Table 4

	Household Size			
	<u>Town of Riverhead</u>		<u>Suffolk County</u>	
	Housholds	Percent	Housholds	Percent
1 Person	4,099	 30.6%	107,864	 22.0%
2 Persons	4,701	 35.1%	146,199	 29.9%
3 Persons	2,055	 15.3%	84,875	 17.3%
4 or More Persons	2,557	 19.1%	150,390	 30.7%
Weighted Average Persons	2.2		2.6	

Source: 2013-2017 American Community Survey



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HOUSING GROWTH AND POPULATION

Over the past ten years, the number of units of housing grew faster than the total population in both the Town of Riverhead and Suffolk County, with Riverhead experiencing higher growth rates for both, as shown in Figure 2. Households in Riverhead, shown above in Table 4, already tend to be smaller, consistent with a national trend toward decreasing household size. Fewer persons per household means more units are demanded.

Figure 2

**HOUSING GROWTH OUTPACED POPULATION GROWTH,
2010 - 2018**

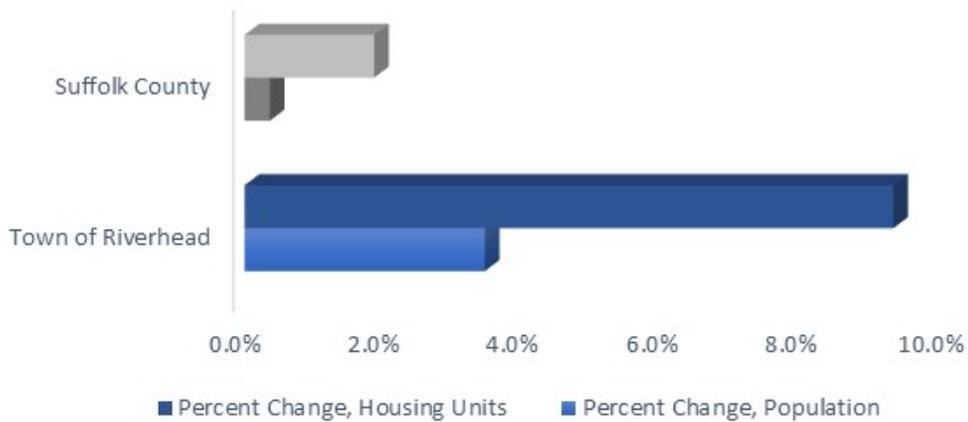


Table 5

Population and Housing Growth, 2010 - 2018		
	<u>Town of Riverhead</u>	<u>Suffolk County</u>
Total Population, 2010	32,506	1,482,548
Total Population, 2018	33,625	1,487,901
Change	1,119	5,353
<i>Percent Change, Population</i>	3.4%	0.4%
Total Housing Units, 2010	15,290	564,684
Total Housing Units, 2018	16,712	575,162
Change	1,422	10,478
<i>Percent Change, Housing Units</i>	9.3%	1.9%

Source: 2014 - 2018 American Community Survey



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AGE OF HOUSING UNITS

The two graphs below (Figure 3 and Figure 4) show that while housing grew significantly in both the town and the county in the early to mid 20th century. The housing growth rate peaked around 1960 for both the town and the county (dashed line) but housing stock continued to be added (solid vertical line). After 1980 the housing growth patterns diverged, with Riverhead continuing steady growth in new units. The town added about 30% per year through 2009, after which it dropped sharply. The county, still added units but at a much slower pace, growing less than 20% starting after 1990 and dropping to near a growth rate near zero by 2018.

As a result, housing in the Town of Riverhead is newer than in the county, with 40.1% built in the past twenty years, as shown in Figure 5 on the next page.

Figure 3

**HOUSING UNIT GROWTH IN RIVERHEAD
SLOWED SHARPLY AFTER 2009...**

Source: American Community Survey 2014 - 2018



Figure 4

**...WHILE IN SUFFOLK COUNTY THE SLOWDOWN
BEGAN AFTER 1980**

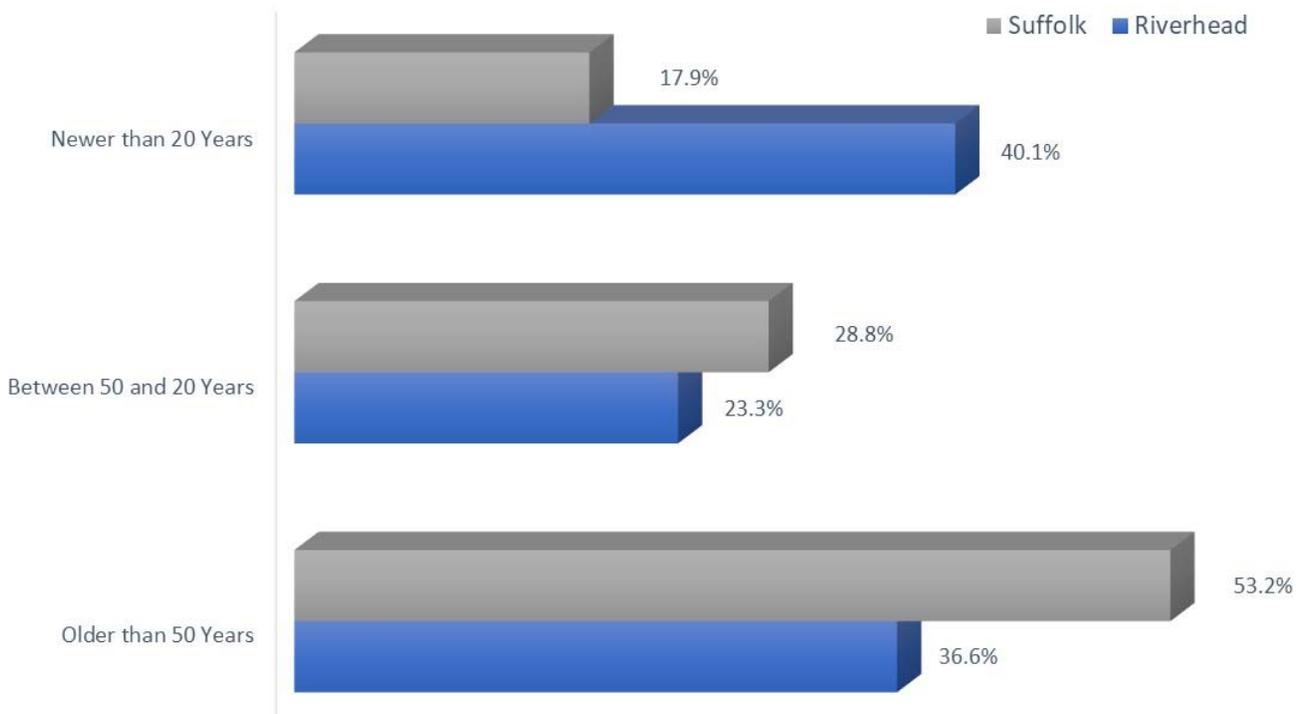
Source: American Community Survey 2014 - 2018



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Figure 5

40% OF RIVERHEAD'S HOUSING IS NEWER THAN 20 YEARS OLD, WHILE 53% OF THE COUNTY'S HOUSING IS AT LEAST 50



Source: American Community Survey 2014 - 2018



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OWNERSHIP AND RENTING

Approximately 80% of households in both Riverhead and Suffolk County own their homes. This has been the case since 2010 and is anticipated to continue. Vacancy rates are relatively high, hovering around 19% with the exception of the county in 2010, which was 14%. High vacancy rates do not necessarily mean the units are available, as they may be very old, lack amenities not considered essential, or be reserved as second homes.

The percent of households owning or renting is not estimated to change significantly by 2026.

Figure 7

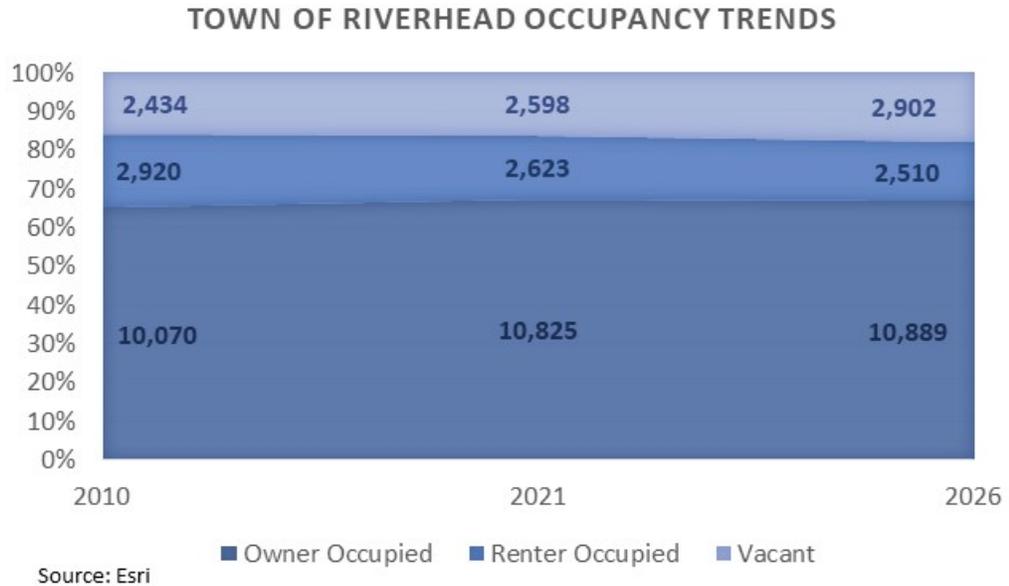
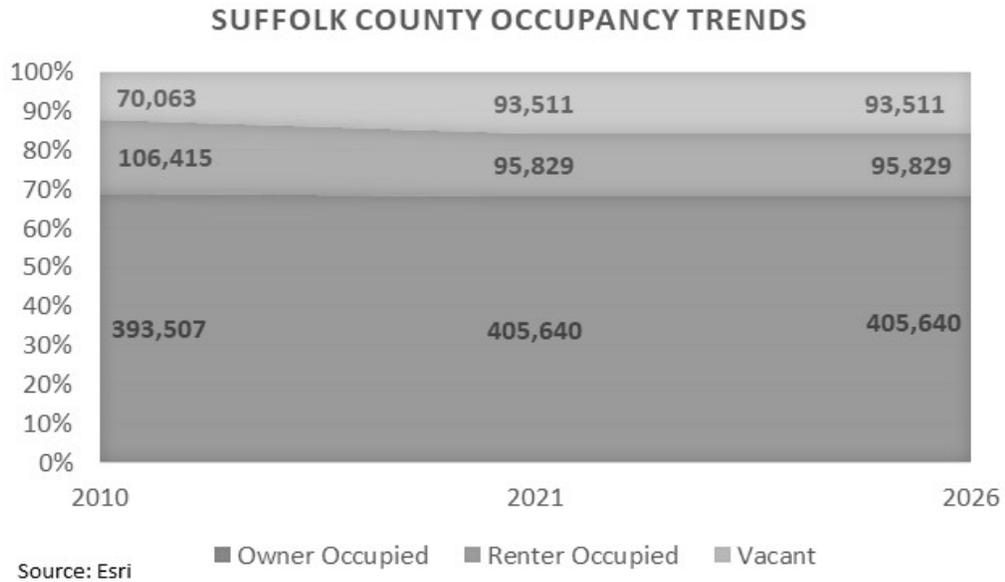


Figure 7



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Table 7

Town of Riverhead Occupancy Trends, 2010 - Estimated 2026

	<u>2010</u>		<u>2021</u>		<u>2026</u>	
	Units	Percent	Units	Percent	Units	Percent
Owner Occupied	10,070	78%	10,825	80%	10,889	81%
Renter Occupied	2,920	22%	2,623	20%	2,510	19%
Vacant	2,434	19%	2,598	19%	2,902	22%
Total	12,990	100%	13,448	100%	13,399	100%

Source: ESRI

Table 6

Suffolk County Occupancy Trends, 2010 - Estimated 2026

	<u>2010</u>		<u>2021</u>		<u>2026</u>	
	Units	Percent	Units	Percent	Units	Percent
Owner Occupied	393,507	79%	405,640	81%	405,640	82%
Renter Occupied	106,415	21%	95,829	19%	95,829	19%
Vacant	70,063	14%	93,511	19%	93,511	19%
Total	499,922	100%	501,469	100%	497,295	100%

Source: ESRI



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Housing Affordability

CURRENT COST OF HOUSING FOR OWNERS AND RENTERS

Median Household Income (MHI) for the Town of Riverhead was \$73,161 in 2019³. Table 10, below, calculates the estimated income needed to pay a mortgage and real property taxes on a series of housing values. A household earning the MHI could afford⁴ a home valued at \$277,727, which is \$92,173 lower than the median home value of \$369,900. Figure 8 on the next page shows the distribution of homes by value category. Only 19% of homes are valued between \$150,000 and \$299,000, the range affordable to households earning approximately the MHI.

Rental housing in Riverhead is currently more affordable, with approximately 57% of rental units affordable to incomes up to \$59,960, below the MHI of \$73,161. Table 9 shows that a household earning \$56,840 can afford to rent a unit at the median monthly rent for the town, which is \$1,421. Table 11 on the following page shows the same information for Suffolk County, which has both a higher MHI and a higher median rental cost but where a similar percent of units – 59% - are affordable to MHI.

Table 10

Estimated Income Needed to Own a Home in the Town of Riverhead

*Calculates Annual Household Income Needed to Pay only 30% on Mortgage and Taxes
Median Household Income for 2019 is \$73,161 but \$95,564 is Needed to Own a Median Home*

Estimated Mortgage and Taxes	Monthly		Monthly		Annual Cost	Income Needed
	Mortgage	Monthly Taxes	Combined			
\$100,000 Home	\$ 404	\$ 254	\$ 659	\$ 7,903	\$ 26,343	
\$250,000 Home	\$ 1,010	\$ 636	\$ 1,646	\$ 19,753	\$ 65,842	
<i>\$277,727 Home for Median Income</i>	<i>\$ 1,122</i>	<i>\$ 707</i>	<i>\$ 1,829</i>	<i>\$ 21,943</i>	<i>\$ 73,144</i>	
<i>\$369,900 Median Home Value</i>	<i>\$ 1,448</i>	<i>\$ 941</i>	<i>\$ 2,389</i>	<i>\$ 28,669</i>	<i>\$ 95,564</i>	
\$500,000 Home	\$ 2,021	\$ 1,272	\$ 3,293	\$ 39,517	\$ 131,725	

Source for Median Home Value: US Census Quickfacts. Calculations by Storrs Associates.

Table 9

Estimated Income Needed to Rent in the Town of Riverhead

Calculates Annual Household Income Needed to Pay only 30% on Rent

Monthly Gross Rent	Income Needed		Units Affordable by Income	
	Annual Cost (1)	Income Needed	Units in Riverhead	Percent of Riverhead Units
Up to to \$999	\$ 11,988	\$ 39,960	616	23%
\$1,000 to \$1,499	\$ 17,988	\$ 59,960	<u>943</u>	<u>35%</u>
<i>Subtotal: Affordable to Riverhead MHI of \$73,161</i>			<i>1,559</i>	<i>57%</i>
Riverhead Median: \$1,421	\$ 17,052	\$ 56,840		
\$1,500 to \$1,999	\$ 23,988	\$ 79,960	568	21%
\$2,000 to \$2,499	\$ 29,988	\$ 99,960	229	8%
\$2,500 to \$2,999	\$ 35,988	\$ 119,960	171	6%
\$3,000 or more	\$ 36,000	\$ 120,000	<u>192</u>	<u>7%</u>
Total Rental Units			2,719	100%

Source: 2014 - 2018 American Community Survey. Calculations by Storrs Associates.

(1) Annual cost at upper end of range except for last, which is for \$3,000.

³ Source: US Census Quickfacts. \$73,141 is used as MHI because of rounding of mortgage payments in the calculations.

⁴ Households paying more than 30% of income for housing are considered cost-burdened. "Affordable" here assumes that 30% of household income is dedicated to housing. Required income is calculated as the annual cost of owning or renting, divided by 30%. For owner-occupied, the mortgage costs assume 90% financing at 3.50% for 30 years. See also Table 12.



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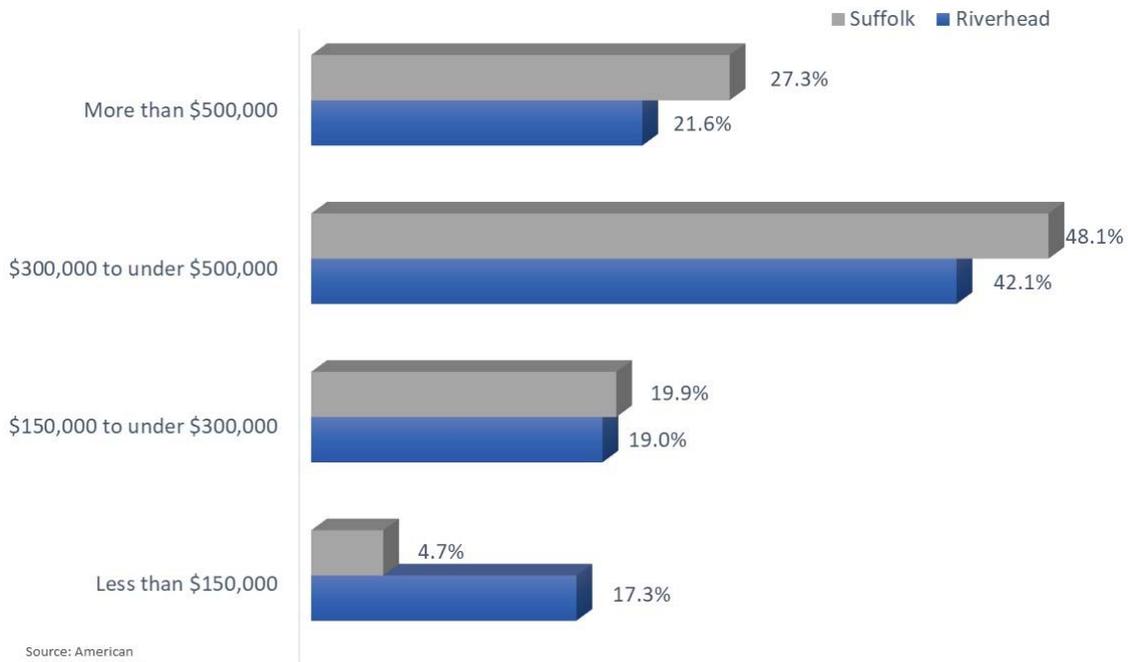
Table 11 Estimated Income Needed to Rent in Suffolk County
Calculates Annual Household Income Needed to Pay only 30% on Rent

Monthly Gross Rent	Income Needed		Units Affordable by Income	
	Annual Cost (1)	Income Needed	Units in Suffolk	Percent of Suffolk
Up to to \$999	\$ 11,988	\$ 39,960	13,285	10%
\$1,000 to \$1,499	\$ 17,988	\$ 59,960	21,870	16%
\$1,500 to \$1,999	\$ 23,988	\$ 79,960	27,381	20%
\$2,000 to \$2,499	\$ 29,988	\$ 99,960	18,756	14%
<i>Subtotal: Affordable to Suffolk MHI of \$101,031</i>			<i>81,292</i>	<i>59%</i>
Suffolk Median: \$1,698	\$ 20,376	\$ 67,920	<i>n/a</i>	<i>n/a</i>
\$2,500 to \$2,999	\$ 35,988	\$ 119,960	6,931	5%
\$3,000 or more	\$ 36,000	\$ 120,000	<u>3,737</u>	<u>3%</u>
Total Rental Units			138,097	100%

Source: 2014 - 2018 American Community Survey. Calculations by Storrs Associates.

(1) Annual cost at upper end of range except for last, which is for \$3,000.

Figure 8 OWNER-OCCUPIED HOUSING VALUES IN RIVERHEAD AND SUFFOLK COUNTY



Source: American Community Survey
 2014 - 2018



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Table 12 is a supplemental table created to show the calculation of estimated taxes for owner-occupied homes. Combined estimated tax rates were gathered for each of the town's four school districts. A weighted-average tax rate takes into account the relative number of students in each district, and is used to estimate taxes in the town.

Table 12

Supplemental Table: Calculation of Estimated Annual Property Taxes in the Town of Riverhead

	<u>Combined Tax Rate</u>	<u>School Enrollment</u>
Eastport/South Manor Central	\$ 36.90	3,292
Mattituck-Cutchogue	\$ 21.07	1,128
Riverhead	\$ 27.70	5,586
Shoreham-Wading River	\$ 33.15	2,106
Weighted Average Tax Rate per \$1,000	\$ 30.53	12,112

Sources: Empire Center "See Through NY" and NYS Dept. of Education "data.nysed.gov"

HOUSEHOLD INCOME AND PROJECTED INCOME GROWTH

Median household income in Riverhead is currently estimated to increase by 18.4% over the next five years. The income ranges expected to experience the most growth are \$150,000 to \$199,999 and \$200,000 or greater. This would create upward pressure on prices for homes that appeal to this demographic. These income ranges are likely still to find owner-occupied units both affordable and available, as they have strong purchasing power, although a commensurate increase in sale values, or a rise in mortgage interest rates, will make homes less affordable to these households.

The same income growth can make rental units more affordable for more households, easing pressure on many, again provided monthly rent does not increase at the same rate. Also important is whether the fast-growing upper-income demographic will find appealing rental housing in Riverhead and therefore choose to locate, or remain in town, spending their income and becoming part of the community. These households are frequently early career (as opposed to entry level) two-earner families with children, who often seek single-family homes, which comprise the majority of housing units in town. However, both two-earner and later-career households are seeking rental units nationally, often as an introduction to a new community or during a life transition such as a new job, children leaving the home, divorce, or retirement.

Riverhead's current rental mix offers only 192 units at rents of \$3,000 or more, or 7% of the current 2,719 units, as shown in Table 9, above. By 2026, 2,128 households are expected to earn \$200,000 or more, and if even 25% of them desire rental units, the town will need 532 such units, more than double current supply. Figure 11 and Table 13 show household income data for Riverhead, and Figure 10 and Table 14 show the same data for Suffolk County.

Table 15 compares income ranges and median income for households who rent. Median income for rental households is lower in both the town and the county than the aggregated median income for all households, by approximately 50%. It is therefore worth noting that while this report presents the monthly cost of rental units and therefore an estimate of affordability, the data do not include details of the size or quality of the units. The number or proportion of low-cost units available does not mean there are enough units to satisfy demand for affordable and workforce housing that is clean, safe, and well-located for living and working. Newer rental units may on average be assumed to be of higher quality because of improved standards and municipal attention to housing needs.



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Figure 9

NUMBER OF HOUSEHOLDS BY INCOME RANGE, TOWN OF RIVERHEAD

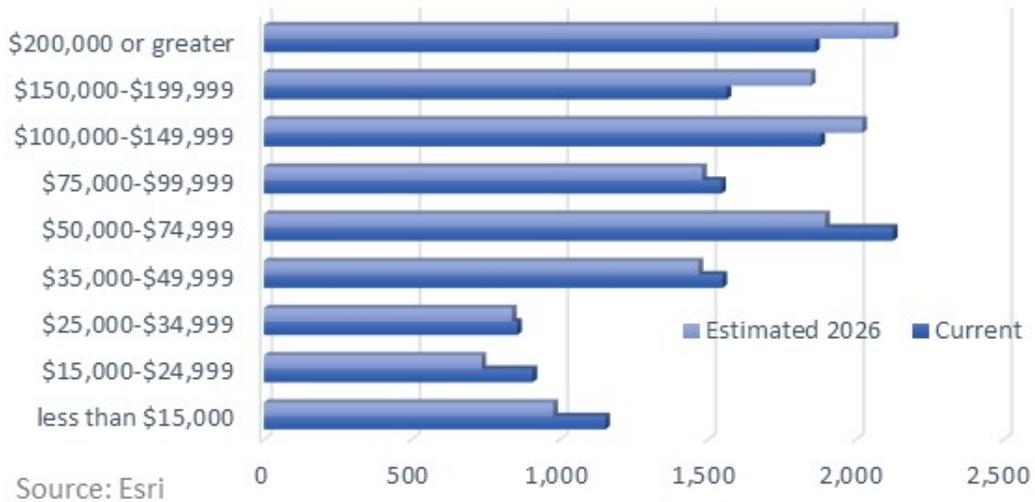


Table 13

Projected Household Income in Riverhead, 2021 - 2026

Income Range	Current		2026	
	Current	Percent of Households	Households	Percent of Households
less than \$15,000	1,154	8.6%	978	7.3%
\$15,000-\$24,999	908	6.8%	736	5.5%
\$25,000-\$34,999	856	6.4%	839	6.3%
\$35,000-\$49,999	1,550	11.5%	1,469	11.0%
\$50,000-\$74,999	2,126	15.8%	1,897	14.2%
\$75,000-\$99,999	1,546	11.5%	1,481	11.1%
\$100,000-\$149,999	1,881	14.0%	2,022	15.1%
\$150,000-\$199,999	1,564	11.6%	1,849	13.8%
<u>\$200,000 or greater</u>	<u>1,863</u>	<u>13.9%</u>	<u>2,128</u>	<u>15.9%</u>
Total Households	13,448	100.0%	13,399	100.0%
Median Household Income	\$ 73,161		\$ 86,589	18.4%

Source: ESRI. Note: Esri uses 2021 estimates for current income



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Figure 10

NUMBER OF HOUSEHOLDS BY INCOME RANGE, SUFFOLK COUNTY

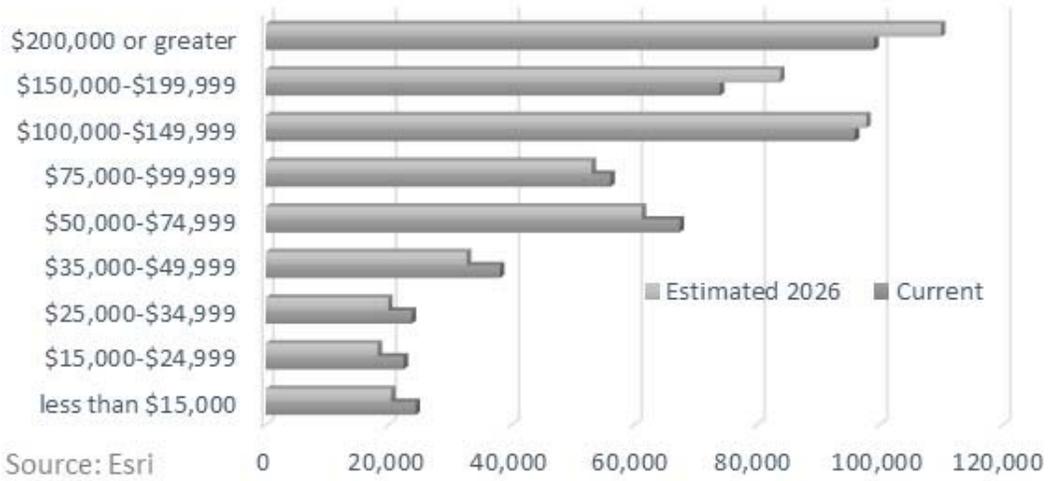


Table 14

Suffolk County Household Income, 2021 - 2026

Income Range	Current		2026	
	Households	Percent of Households	Households	Percent of Households
less than \$15,000	24,419	4.9%	20,432	4.1%
\$15,000-\$24,999	22,491	4.5%	18,249	3.7%
\$25,000-\$34,999	23,780	4.7%	19,943	4.0%
\$35,000-\$49,999	38,174	7.6%	32,741	6.6%
\$50,000-\$74,999	67,413	13.4%	61,265	12.3%
\$75,000-\$99,999	56,145	11.2%	53,060	10.7%
\$100,000-\$149,999	95,952	19.1%	97,828	19.7%
\$150,000-\$199,999	73,989	14.8%	83,775	16.8%
<u>\$200,000 or greater</u>	<u>99,093</u>	<u>19.8%</u>	<u>109,989</u>	<u>22.1%</u>
Total Households	501,456	100.0%	497,282	100.0%

Median Household Income \$ 106,692 \$ 117,129 9.8%

Source: ESRI. Note: Esri uses 2021 estimates for current income



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Table 15

2018 Household Income, Renters Only

Income Range	<u>Town of Riverhead</u>		<u>Suffolk County</u>	
	Households	Percent of Households	Households	Percent of Households
Less than \$20,000	735	25.1%	20,063	20.7%
\$20,000 to \$24,999	179	6.1%	5,260	5.4%
\$25,000 to \$34,999	353	12.1%	10,362	10.7%
\$35,000 to \$49,999	477	16.3%	12,710	13.1%
\$50,000 to \$74,999	410	14.0%	16,657	17.2%
\$75,000 to \$99,999	305	10.4%	12,041	12.4%
\$100,000 to \$149,999	326	11.1%	12,903	13.3%
<u>\$150,000 or more</u>	<u>144</u>	<u>4.9%</u>	<u>7,088</u>	<u>7.3%</u>
Totals	2,929	100.0%	97,084	100.0%
Median Renter Household Income	\$	41,758	\$	51,087

Source: 2014 - 2018 American Community Survey

Demand from Commuters

Of 18,499 jobs in the Town of Riverhead, 3,783, or 20.4%, are held by town residents. 14,716 people commute into Riverhead for a job. Table 17 shows the age groups, wages, and industry type. A majority are in prime working and household formation years between 30 and 54, and a plurality earn more than \$3,333 per month. The 29 and younger age group and workers earning in the lower and mid-tiers shown are often in transitional life periods when rental housing, rather than owning a home, is the preferred choice.

Table 16

Jobs Held by Residents and Commuters, 2018

	Jobs	Share
Riverhead Jobs Held by Residents	3,783	20.4%
Riverhead Jobs Held by Commuters	14,716	79.6%
Employment in Riverhead	18,499	100.0%

Source: US Census, "Census on the Map"

Table 17

Commuter Characteristics, 2018

	Jobs	Share
Total Riverhead Jobs Filled by Commuters	14,716	100.0%
<i>By Age</i>		
Workers Aged 29 or younger	4,146	28.2%
Workers Aged 30 to 54	7,025	47.7%
Workers Aged 55 or older	3,545	24.1%
<i>By Wage</i>		
Workers Earning \$1,250 per month or less	3,884	26.4%
Workers Earning \$1,251 to \$3,333 per month	4,530	30.8%
Workers Earning More than \$3,333 per month	6,302	42.8%
<i>By Industry Type</i>		
Goods Producing	2,714	18.4%
Trade, Transportation, and Utilities	4,510	30.6%
All Other Services	7,492	50.9%

Source: US Census, "Census on the Map"



ECONOMIC IMPACT ANALYSIS

G2D Development Corp. engaged Camoin Associates to study the economic impacts of the 205 Osborn Ave housing project. These impacts include new jobs and payroll to maintain the facility, and the spending by the new households living in the Town of Riverhead. This activity would not occur without the Project because of an inadequate supply of housing. These are ongoing, annual impacts. The construction of the Project also generates one-time economic impacts during the construction period, estimated by G2D at 12 – 14 months.

The primary tool used in this analysis is the input-output model developed by Economic Modeling Specialists Intl. (EMSI). Primary data used in the study was obtained from G2D's application for financial assistance to the Town of Riverhead IDA and included construction spending, estimated payroll, and rental unit counts and estimated rent per unit. Secondary data was collected by Camoin Associates to confirm the assumption that all units would be occupied by residents new to the town, and to estimate their local spending.

The economic impacts are presented in four categories: direct impact, indirect impact, induced impact, and total impact. The indirect and induced impacts are commonly referred to as the "multiplier effect."

STUDY INFORMATION

Data Source:
G2D Development Corp.
Application for Assistance to the
Town of Riverhead Industrial
Development Agency

Geography:
Town of Riverhead, NY

Study Period:
2021

Modeling Tool:
EMSI

DIRECT IMPACTS

This initial round of impacts is generated as a result of spending on operations and new household spending at town businesses.

INDIRECT IMPACTS

The direct impacts have ripple effects through business to business spending. This spending results from the increase in demand for goods and services in industry sectors that supply both the facility and the businesses receiving the new household spending.

INDUCED IMPACTS

Impacts that result from spending by facility employees, employees of town businesses, and employees of suppliers. Earnings of these employees enter the economy as employees spend their paychecks in the town on food, clothing, and other goods and services.

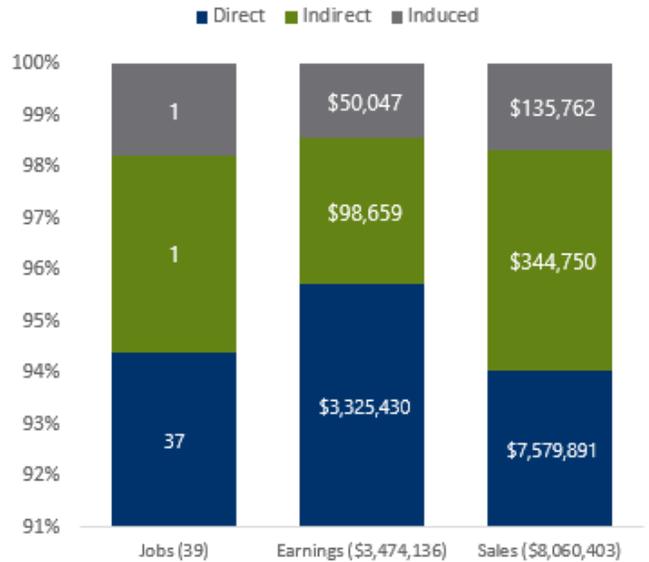


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Construction Impact

- ◆ G2D estimates that construction, including site costs and professional fees but not land acquisition or financing fees, will cost \$11,661,370 over a 14-month period
- ◆ The construction of the Project would result in approximately 37 new direct construction jobs (full time equivalent) generating over \$3.3 million in direct new earnings on-site and nearly \$3.5 million when indirect and induced earnings are calculated.
- ◆ Based on the availability of construction materials and expertise in the town, it is estimated that \$7.6 million of the direct construction spending will occur within the town. Together with indirect and induced sales resulting from construction, this is \$8 million of economic impact.

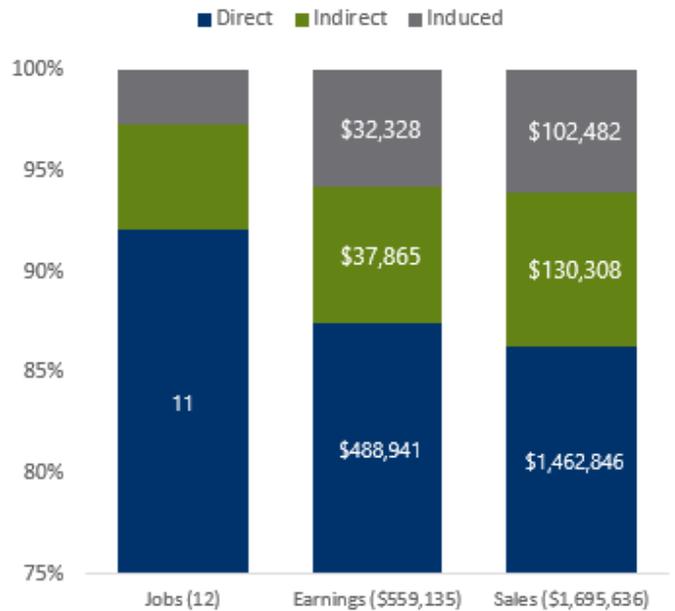
Total Temporary Economic Impact - Construction Phase



Annual Impact

- ◆ The Project would support 12 net new jobs in the town, with over \$559,000 in associated earnings. These figures are composed of net new jobs resulting from maintenance and operation of the facility and new economic activity from household spending.
- ◆ An economic impact of nearly \$1.7 million is associated with the on-site operations and new household spending are estimated.

Total Annual Economic Impact - Operation Phase



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CONSTRUCTION PHASE IMPACTS

G2D estimates that total development cost will equal \$16,831,170. Without land acquisition and various financing fees, the total cost of construction will equal \$11,661,370 over a 14-month period⁵. Of this, 65%, or \$7,579,891 is assumed to be spent in the town⁶.

Construction Phase Spending

Construction, Site Costs, Professional Fees	\$ 11,661,370
Percent Sourced in Town	65%
Net New Construction Spending	\$ 7,579,891

Source: G2D

Based on the net new direct spending associated with the construction phase of the Project, we determined that the net new labor costs (earnings, as shown in the table below) would support 37 new direct jobs. Indirect and induced activity as a result of the spending of the earnings generate additional jobs and earnings, for a total of 39 jobs and over \$3,474,000 of earnings. One-time construction related spending of \$7.6 million (shown as Direct Sales in the table below) aggregates sales and labor costs to calculate direct, indirect, and induced sales of more than \$8.1 million.

Economic Impact - Construction Phase

	<u>Jobs</u>	<u>Earnings</u>	<u>Sales</u>
Direct	37	\$ 3,325,430	\$ 7,579,891
Indirect	1	\$ 98,659	\$ 344,750
Induced	1	\$ 50,047	\$ 135,762
Total	39	\$ 3,474,136	\$ 8,060,403

Source: EMSI, Camoin Associates

⁵ Land acquisition, financing, and other costs total \$4.5 million for a total project cost of \$15,167,720.

⁶ Based on an analysis of construction sales and materials availability and number of related businesses in the Town of Riverhead, using data from Esri. The vast majority of this 65% will be spent in the town but there may be instances where a small amount leaks out into adjacent areas in Suffolk County.



IMPACTS OF NEW HOUSEHOLD SPENDING

NET NEW HOUSEHOLDS

Based on the market analysis, all 39 units are expected to draw new households into the town, households that otherwise cannot find housing that meet their needs. To confirm this further, we also calculated a gap in rental housing by price point using the methodology described in Attachment B.

Net New Households	
Total Units	39
Percent Net New	100%
Net New Households	39

Source: Esri, Camoin Associates, G2D

It is not expected that these new households will generate a significant number of new school-aged children for the school district. Considering the Project's target market of young professionals, the unit-type mix of studio, one, and two bedrooms and past research conducted on market rate unit developments on Long Island, the Project would add no more than three school aged children to the district.⁷

SPENDING BY NEW TENANTS

New residents would make purchases in the town, thereby adding new dollars to the Town of Riverhead economy. For this analysis, we researched spending patterns by household income.

Median Household Income in the Town of Riverhead is estimated at \$76,432⁸. Assuming that most of the households earn at least the median household income, the range of household incomes at the Project is assumed to be \$70,000 to \$99,999, using ranges from the Bureau of Labor Statistics. Using a spending basket for the region which details household spending in individual consumer categories by income level⁹, we analyzed likely tenant spending. According to the 2019 Consumer Expenditure Survey, households with an income in this range have annual expenditures (excluding housing and utility costs) of \$34,198.

The second column in the table below shows the total spending for market-rate households by category. It is assumed that 70% of total expenditures would occur within the town and, therefore, have an impact on the town's economy¹⁰. The fourth column shows the total amount spent in the town.

⁷ A study conducted by Stony Brook Real Estate Institute in 2019 titled *Impact of Market Rate Apartments on School District Enrollment* looked at fourteen market rate apartment complexes in Nassau and Suffolk County. The complex most similar to the Project had 42 units and generated .07 school aged children per unit. Further analysis could be conducted to refine this number to be more specific to the Project in question and the potential fiscal impact to the school district. For example, analyzing complexes with fewer units and similar unit types, looking at local enrollment trends, assessing the school budget, and other factors that would produce a more definitive answer to the impact of the Project on the school district.

⁸ Source: ESRI

⁹ Source: Bureau of Labor Statistics 2018 Consumer Expenditure Survey

¹⁰ The percent of household spending within the residents' community is driven chiefly by (1) size and location of the community relative to a broader region, and (2) the availability of goods and services in the community. Camoin 310 performs a retail spending pattern analysis using Esri data as a quantitative measure of likely purchases within a community. The Town of Riverhead has extensive retail offerings that can be expected to capture a majority of household spending in the categories listed in the table titled "Tenant Spending Basket". The town's geographic location at the end of Long Island further supports local rather than regional spending.



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Tenant Spending Basket
Market-Rate Units (\$70,000 to \$99,999+ Annual Household Income)

Category	Annual per Unit Spending Basket	Amount Spent in Town (70%)	Total Net New Town Spending (39 net new units)
Food	\$ 9,460	\$ 6,622	\$ 258,066
Household furnishings and equipment	\$ 1,987	\$ 1,391	\$ 54,205
Apparel and services	\$ 3,807	\$ 2,665	\$ 103,854
Transportation	\$ 11,086	\$ 7,760	\$ 302,423
Health care, not including insurance (1)	\$ 969	\$ 678	\$ 26,434
Entertainment	\$ 3,516	\$ 2,461	\$ 95,915
Personal care products and services	\$ 844	\$ 591	\$ 23,024
Education	\$ 1,680	\$ 1,176	\$ 45,830
Miscellaneous	\$ 849	\$ 594	\$ 23,160
Annual Discretionary Spending	\$ 34,198	\$ 23,939	\$ 932,911
Total Net New Spending			\$ 932,911

Source: 2019 Consumer Expenditure Survey, Bureau of Labor Statistics

Using \$932,911 as the new sales input, Camoin Associates employed EMSI to determine the indirect, induced, and total impact of the net new household spending as a result of the project. The following table outlines the findings of this analysis.

Economic Impact - Household Spending			
	<u>Jobs</u>	<u>Earnings</u>	<u>Sales</u>
Direct	8	\$ 330,119	\$ 932,911
Indirect	0	\$ 15,523	\$ 51,934
Induced	0	\$ 25,915	\$ 82,700
Total	9	\$ 371,557	\$ 1,067,544

Source: EMSI, Camoin Associates



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IMPACTS OF ON-SITE EMPLOYMENT

G2D anticipates that there will be three on-site jobs at the Project. To be consistent with the assumption that all of the households will be net new to the town, it is assumed that all of the jobs and payroll will also be net new. Using these new wages as the direct input, EMSI was used to calculate the indirect and induced economic impact of the on-site activity. The indirect and induced activity is expected to generate earnings for other workers (\$22,342 and \$6,413, respectively) that are not sufficient to support directly any full time jobs; as a result, no indirect or induced jobs are anticipated solely because of the operations.

Economic Impact - On-Site Operations			
	<u>Jobs</u>	<u>Earnings</u>	<u>Sales</u>
Direct	3	\$ 158,823	\$ 529,935
Indirect	0	\$ 22,342	\$ 78,374
Induced	0	\$ 6,413	\$ 19,782
Total	3	\$ 187,578	\$ 628,092

Source: EMSI, Camoin Associates. Direct Jobs is from Application.

TOTAL ANNUAL ECONOMIC IMPACT

The economic impact of both new household spending as well operation of the Project is displayed below.

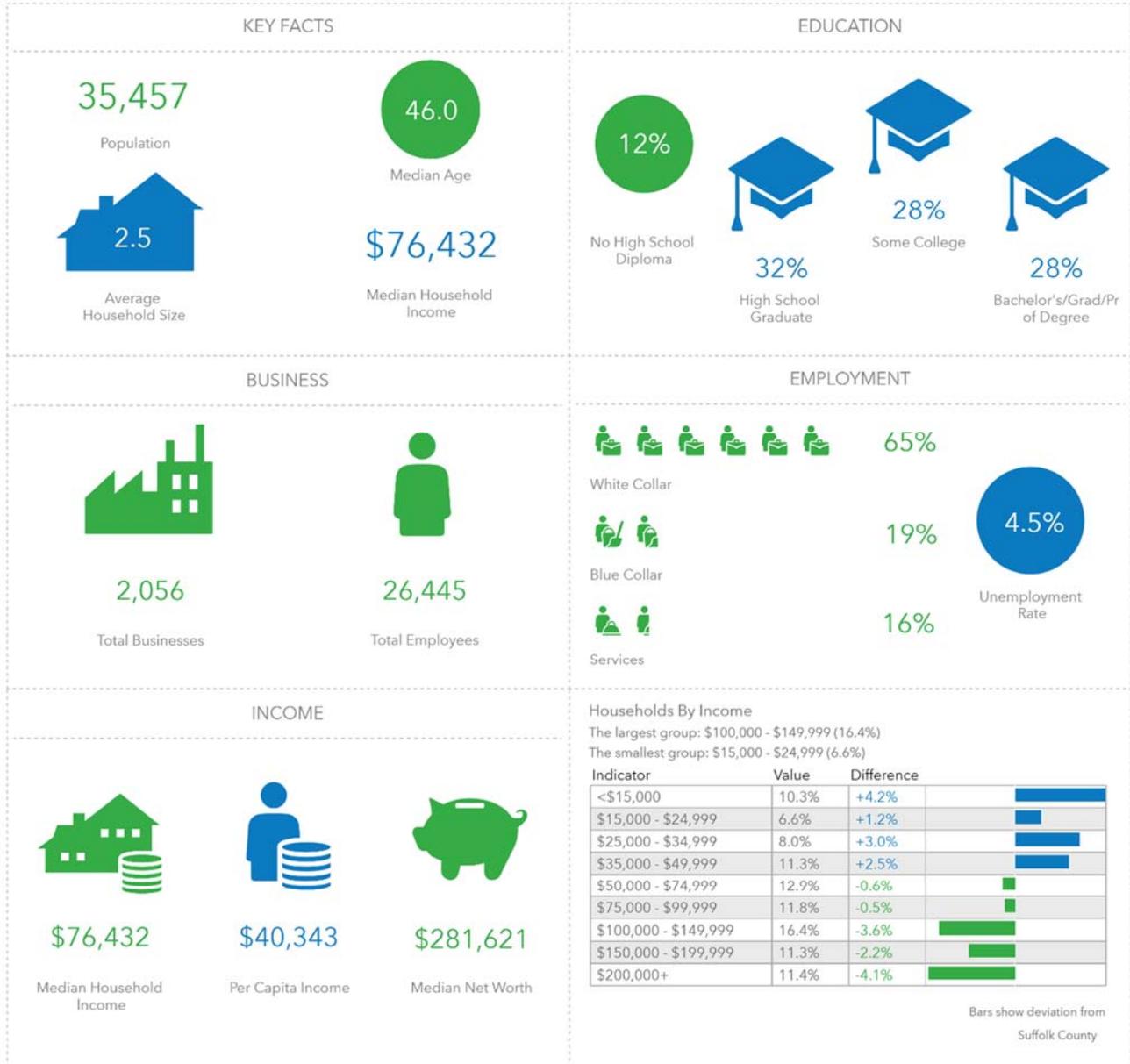
Total Annual Economic Impact			
	<u>Jobs</u>	<u>Earnings</u>	<u>Sales</u>
Direct	11	\$ 488,941	\$ 1,462,846
Indirect	1	\$ 37,865	\$ 130,308
Induced	0	\$ 32,328	\$ 102,482
Total	12	\$ 559,135	\$ 1,695,636

Source: EMSI, Camoin Associates



EXHIBIT 1: ECONOMIC SNAPSHOT

The infographic below highlights key economic facts about the Town of Riverhead, where the Project is located.



This infographic contains data provided by Esri, Esri and Infogroup. The vintage of the data is 2019, 2024.



ATTACHMENT A: WHAT IS ECONOMIC IMPACT ANALYSIS?

The purpose of conducting an economic impact study is to ascertain the total cumulative changes in employment, earnings and output in a given economy due to some initial “change in final demand”. To understand the meaning of “change in final demand”, consider the installation of a new widget manufacturer in Anytown, USA. The widget manufacturer sells \$1 million worth of its widgets per year exclusively to consumers in Canada. Therefore, the annual change in final demand in the United States is \$1 million because dollars are flowing in from outside the United States and are therefore “new” dollars in the economy.

This change in final demand translates into the first round of buying and selling that occurs in an economy. For example, the widget manufacturer must buy its inputs of production (electricity, steel, etc.), must lease or purchase property and pay its workers. This first round is commonly referred to as the “Direct Effects” of the change in final demand and is the basis of additional rounds of buying and selling described below.

To continue this example, the widget manufacturer’s vendors (the supplier of electricity and the supplier of steel) will enjoy additional output (i.e. sales) that will sustain their businesses and cause them to make additional purchases in the economy. The steel producer will need more pig iron and the electric company will purchase additional power from generation entities. In this second round, some of those additional purchases will be made in the US economy and some will “leak out”. What remains will cause a third round (with leakage) and a fourth (and so on) in ever-diminishing rounds of industry-to-industry purchases. Finally, the widget manufacturer has employees who will naturally spend their wages. Again, those wages spent will either be for local goods and services or will “leak” out of the economy. The purchases of local goods and services will then stimulate other local economic activity. Together, these effects are referred to as the “Indirect Effects” of the change in final demand.

Therefore, the total economic impact resulting from the new widget manufacturer is the initial \$1 million of new money (i.e. Direct Effects) flowing in the US economy, plus the Indirect Effects. The ratio of Total Effects to Direct Effects is called the “multiplier effect” and is often reported as a dollar-of-impact per dollar-of-change. Therefore, a multiplier of 2.4 means that for every dollar (\$1) of change in final demand, an additional \$1.40 of indirect economic activity occurs for a total of \$2.40.

Key information for the reader to retain is that this type of analysis requires rigorous and careful consideration of the geography selected (i.e. how the “local economy” is defined) and the implications of the geography on the computation of the change in final demand. If this analysis wanted to consider the impact of the widget manufacturer on the entire North American continent, it would have to conclude that the change in final demand is zero and therefore the economic impact is zero. This is because the \$1 million of widgets being purchased by Canadians is not causing total North American demand to increase by \$1 million. Presumably, those Canadian purchasers will have \$1 million less to spend on other items and the effects of additional widget production will be cancelled out by a commensurate reduction in the purchases of other goods and services.

Changes in final demand, and therefore Direct Effects, can occur in a number of circumstances. The above example is easiest to understand: the effect of a manufacturer producing locally but selling globally. If, however, 100% of domestic demand for a good is being met by foreign suppliers (say, DVD players being imported into the US from Korea and Japan), locating a manufacturer of DVD players in the US will cause a change in final demand because all of those dollars currently leaving the US economy will instead remain. A situation can be envisioned whereby a producer is serving both local and foreign demand, and an impact analysis would have to be careful in calculating how many “new” dollars the producer would be causing to occur domestically.



ATTACHMENT B: CALCULATING NET NEW HOUSEHOLDS

"Net new" households that move into a geography because of the availability of desired housing contribute to that geography's economy in measurable ways. Estimating the number of net new households, the households that would not otherwise live in the geography, is therefore a critical task for an economic and fiscal impact analysis for a project that includes housing.

Our housing market research indicates that housing is heavily affected by demand, with households in different demographic groups seeking diverse housing price points and amenities. Our estimates of net new households take into consideration demographic and economic differences among renters, and price points among units offered, identifying the existence and size of a housing gap (where more units are demanded than are available) or surplus (where there is oversupply) in the market segment to be served by the proposed project. Generally, where there is a significant housing gap outside the geography but within a reasonable distance for relocation, a project will draw a larger proportion of net new households into that geography. Each project may therefore have a different expectation for net new households, depending on price point, age restriction if any, and location.

The following steps outline our process for calculating net new households. All data is drawn from Esri Business Analyst.

1. Identify *where* households are likely to come from. We expect that renters for a new project would consider housing within a reasonable driving time from their current location, creating a "renter-shed" for a new project. Households that are within the drive time but outside of the study area are net new.
2. Identify the existing rental housing supply at different price points. Using data from Esri, we identify rental housing units in the study area by price point and calculate the minimum household income expected to be necessary to afford rent by price range.
3. Identify the number of households at different income levels. We analyze households by income group and rental behavior to estimate an "implied number renting" for different income groups.
4. Calculate net housing surplus or gap by price point. Rental housing supply and rental housing demand is compared to calculate a "net gap," indicating excess demand for the project, or a "net surplus." To estimate net new households for a project, the net gap in the study area is compared to the net gap in the drive time.



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ABOUT CAMOIN ASSOCIATES

Camoin Associates has provided economic development consulting services to municipalities, economic development agencies, and private enterprises since 1999. Through the services offered, Camoin Associates has had the opportunity to serve EDOs and local and state governments from Maine to California; corporations and organizations that include Lowes Home Improvement, FedEx, Amazon, Volvo (Nova Bus) and the New York Islanders; as well as private developers proposing projects in excess of \$6 billion. Our reputation for detailed, place-specific, and accurate analysis has led to projects in 40 states and garnered attention from national media outlets including Marketplace (NPR), Crain's New York Business, Forbes magazine, The New York Times, and The Wall Street Journal. Additionally, our marketing strategies have helped our clients gain both national and local media coverage for their projects in order to build public support and leverage additional funding. We are based in Saratoga Springs, NY, with regional offices in Portland, ME; Boston, MA; Richmond, VA and Brattleboro, VT. To learn more about our experience and projects in all of our service lines, please visit our website at www.camoinassociates.com. You can also find us on Twitter @camoinassociate and on Facebook.

ABOUT STORRS ASSOCIATES, LLC

Storrs Associates, LLC is a partner and advisor to public and private entities seeking to encourage economic growth and to make direct public and private investments. We deliver client-driven, high quality advice, customized analyses and reports, public speaking and learning sessions, and transaction management. Victoria Storrs, the company President, founded the firm in 2021 to provide direct, responsive service to municipal governments and the public and private organizations who work with and for them. She has worked with municipal governments for more than 20 years, beginning as an investment banker at First Albany Corporation and managing debt financings for state public authorities. She taught money and capital markets at the State University of New York at Albany School of Business, and has been a development finance and economic development consultant for more than seven years, including five years at Camoin 310. You can learn more at www.storrsassociates.com and on [LinkedIn](#).

THE PROJECT TEAM

Camoin 310

Rachel Selsky
Vice President, Project Principal

Storrs Associates

Victoria Storrs
President and CEO





Leading action to
grow your economy

